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GOLDBEAM MINES LIMITED

(NO PERSONAL LIABILITY)

Annual Report

For Year Ended December 31, 1948

For Year Ended December 31, 1949

March 15th, 1950

Goldbeam Mines Limited

(No Personal Liability)

OFFICERS

F. G. HOBLITZELL	- - - - -	President
D. BARRATT	- - - - -	Secretary-Treasurer

DIRECTORS

F. G. HOBLITZELL	- - - - -	Toronto, Ont.
WM. C. DURHAM	- - - - -	Toronto, Ont.
D. BARRATT	- - - - -	Toronto, Ont.
A. L. STENDER	- - - - -	Plainfield, N.J.

EXECUTIVE OFFICE

75 Summit Ave., Toronto, Ont.

MINE OFFICE

Whiteshell, Manitoba

TRANSFER AGENTS AND REGISTRARS

Crown Trust Company Limited
302 Bay Street, Toronto

COMBINED ANNUAL AND SPECIAL GENERAL MEETING OF SHAREHOLDERS

MAY 8th, 1950, at 11 O'CLOCK IN THE FORENOON, AT THE MINE OFFICE
WHITESHELL, MANITOBA

Goldbeam Mines Limited

(No Personal Liability)

Report of Directors'

MARCH 15 1950

To the Shareholders:

Your Directors submit herewith for your consideration the auditors' reports for years ending December 31st, 1948 and December 31st, 1949, setting forth the balance sheet and statement of expenditures of Goldbeam Mines Limited since incorporation in 1943.

During 1948 and 1949 no development has been done on the property although maintenance costs such as taxes, caretaker service, etc. continue, thereby increasing the outstanding liabilities. Working capital is not available to cover these costs nor to finish the development of the mine and your Directors have given serious consideration to this situation. The property, plant, and other assets have been maintained intact and in operating condition.

To meet these liabilities your Directors were forced to give a secured Mortgage on the Assets of the Company. This Mortgage becomes due and payable on August 31st, 1950, and it is hoped that under the proposed plans, sufficient finances will be raised to take care of this situation.

The past four years have been difficult for companies with partly developed gold properties in that the future outlook has been uncertain due to the fixed price of gold and the rising cost of operation. The present indications are that costs will be stabilized shortly and that the price of gold will be adjusted to the new situation. In fact it is generally considered that devaluation of currencies just completed is a preliminary step in the programme and this has renewed interest in gold operations in Canada. In view of these changed conditions, your Directors are anxious to resume the development of the property without delay.

The past development of the property has given promising returns but the job was not finished to give conclusive results when the work had to be stopped in 1946 as working capital was used up. One gold deposit has been followed 425 feet in depth by underground workings and is estimated to carry as a minimum 200 tons per foot in depth grading at least \$8.20, present Canadian price of gold. This body has been tested thoroughly, some 4,500 tons having been shipped to a gold mill. This ore undoubtedly extends much further in depth than the 425 feet followed in the workings. The plan was to treble this tonnage before providing a milling plant to insure good profit and a long life to the operation. The assays of diamond drilling cores indicate good chances of doing this in several nearby discoveries. To test the new deposits, a three compartment, production shaft was sunk 500 feet with drifting and cross-cutting started on three levels. The plan was to explore the several new indicated deposits and to connect the new and original bodies at 450 feet in depth.

By 1946, costs had increased and labour then was inefficient so that estimates prepared on the basis of normal operations and conditions were greatly exceeded accordingly, funds available were not sufficient to finish the job. When this situation was recognized, stations were prepared at points along the levels already completed so that lateral and depth exploration could be resumed at a minimum of expense. Competent mining men have visited the property and have recommended an extensive programme to test the ore chances at depths of from 450 feet to 1,000 feet.

The enlarged exploration programme that has been recommended in the opinion of your Directors is justified and the outlook for prosperity in the gold mining industry now is sufficiently promising to warrant an early undertaking of the work.

With this in view, a proposal to finance the project is submitted for your consideration in a notice calling a combined special general meeting of the shareholders, with the annual meeting to be held on May 8th, 1950.

I would appreciate so much your giving the suggested proposals your careful study and have your advice with the return of the enclosed proxy.

Submitted on behalf of the Board, I am,

Respectfully yours,

FRED G. HOBLITZELL,

President.

Goldbeam Mines Limited

(No Personal Liability)

Balance Sheet

As of 31 December, 1948

ASSETS

Current:

Cash on hand	\$	2.66	
Inventory of Mining Stores and Supplies, at cost		14,792.70	\$ 14,795.36

Fixed (at cost):

Mining Properties			1,980,702.88
Mine Buildings	\$	31,380.38	
Plant, Machinery and Equipment		77,244.83	
Telephone and Water Installations		3,530.58	
Power Installation		50,358.46	
Office Furniture and Equipment		889.89	163,404.14

Pre-Production Expenditures (Schedule A)			255,051.37
Incorporation and Formation Expenses			1,305.77

\$ 2,415,259.52

LIABILITIES

Current:

Bank Advances	\$	6,590.85	
Accounts Payable and Accrued Charges		11,087.18	
Note Payable		33,578.49	\$ 51,256.52

Deferred:

Balance on High Tension Station			13,000.00
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Share Capital:

Authorized:

3,000,000 Shares of \$1.00 each	\$ 3,000,000.00	
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Issued or Allotted:

2,700,003 Shares of \$1.00 each	\$ 2,700,003.00	
Less: Discount on Shares Issued, net	349,000.00	2,351,003.00

Approved on behalf of the Board:		\$ 2,415,259.52
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F. G. HOBLITZELL, Director.

WM. C. DURHAM, Director.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the books and accounts of Goldbeam Mines Limited (No Personal Liability) for the year ended 31st December 1948, and have obtained all the information and explanations which we have required.

We certify that in our opinion, the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 31st December 1948, according to the best of our information, the explanations given to us, and as shown by the books of the Company.

Toronto, Ontario.
27th September, 1949.

V. D. HARBINSON & CO.,
Chartered Accountants, Auditors.

Goldbeam Mines Limited

(No Personal Liability)

Statement of Pre-production Expenditures

FOR PERIOD 20th OCTOBER, 1941 TO 31st DECEMBER, 1948

Development and Exploration:

Roads, Surface Trenching, Clearing, etc.	\$14,633.90	
Diamond Drilling (Surface)	45,641.80	
Assaying	4,311.75	
Shaft Sinking	79,634.26	
Station Cutting	4,630.70	
Cross-Cutting	16,292.99	
Drifting	28,410.85	
Raising	1,620.10	
Diamond Drilling (Underground)	1,949.15	
Consulting Fees and Expense	10,884.72	
Mine Office Maintenance	14,682.11	\$222,692.33

Administration Expenses:

Office Expense and Services	\$ 7,285.08	
Printing, Stationery and Office Supplies	2,434.54	
Telegraph and Telephone	678.27	
Postage and Excise	295.81	
Legal, Audit and Accountancy	3,988.00	
Share Issue and Transfer Expenses	2,725.23	
Fees and Taxes	1,592.84	
Insurance	6,889.74	
Advertising	130.00	
Travelling Expense	6,684.40	
Miscellaneous Expense	2,112.05	
Bank Charges and Interest	5,870.15	
		<u>\$40,686.11</u>

Deduct:

Profit on sale of \$150,000.00 Dominion of Canada 3% Bonds	\$3,443.75		
Investment Income	4,883.32	8,327.07	32,359.04
As shown on Balance Sheet			<u>\$255,051.37</u>

Goldbeam Mines Limited

(No Personal Liability)

Balance Sheet

As of 31 December, 1949

ASSETS

Current:

Cash on hand and in bank	\$	14.16	
Inventory of Mining Stores and Supplies at cost		14,792.70	
Prepaid Expense		75.00	\$ 14,881.86

Fixed (at cost):

Mining Properties			1,980,702.88
Mine Buildings	\$	31,380.38	
Plant, Machinery and Equipment		77,244.83	
Telephone and Water Installations		3,530.58	
Power Installation		27,358.46	
Office Furniture and Equipment		889.89	140,404.14

Pre-Production Expenditures (Schedule A)			267,638.64
Incorporation and Formation Expenses			1,305.77

\$ 2,404,933.29

LIABILITIES

Current:

Bank Advances	\$	5,871.50	
Accounts Payable and Accrued Charges		10,755.10	
Note Payable		22,303.84	\$ 38,930.44

Share Capital:

Authorized:

3,000,000 Shares of \$1.00 each	\$ 3,000,000.00
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Issued or Allotted:

3,000,000 shares	\$ 3,000,000.00	
Less: Discount on Shares Issued, net	633,997.15	2,366,002.85

Approved on behalf of the Board: **\$ 2,404,933.29**

FRED G. HOBLITZELL, Director.

W. C. DURHAM, Director.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the books and accounts of Goldbeam Mines Limited (No Personal Liability) for the year ended 31st December 1949, and have obtained all the information and explanations which we have required.

We certify that in our opinion, the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 31st December 1949, according to the best of our information, the explanations given to us, and as shown by the books of the Company.

Toronto, Ontario.
3rd February, 1950.

V. D. HARBINSON & CO.,
Chartered Accountants, Auditors.

Goldbeam Mines Limited

(No Personal Liability)

Statement of Pre-production Expenditures

FOR PERIOD 20th OCTOBER, 1941 TO 31st DECEMBER, 1949

Development and Exploration:

Roads, Surface Trenching, Clearing, etc.	\$14,633.90	
Diamond Drilling (Surface)	45,641.80	
Assaying	4,311.75	
Shaft Sinking	79,634.26	
Station Cutting	4,630.70	
Cross-Cutting	16,292.99	
Drifting	28,410.85	
Raising	1,620.10	
Diamond Drilling (Underground)	1,949.15	
Consulting Fees and Expense	10,884.72	
Mine Office Maintenance	15,453.88	\$223,464.10

Administration Expenses:

Office Expense and Services	\$ 8,535.08	
Printing, Stationery and Office Supplies	2,434.54	
Telegraph and Telephone	678.27	
Postage and Excise	295.81	
Legal, Audit and Accountancy	4,013.00	
Share Issue and Transfer Expenses	2,725.23	
Fees and Taxes	1,707.84	
Insurance	6,889.74	
Advertising	130.00	
Travelling Expense	6,684.40	
Miscellaneous Expense	2,112.05	
Bank Charges and Interest	6,295.65	
	<u>\$42,501.61</u>	

Deduct:

Profit on sale of \$150,000.00 Dominion of Canada 3% Bonds	\$3,443.75		
Investment Income	4,883.32	8,327.07	34,174.54
Less through repossession of High Tension Station			10,000.00
As Shown on Balance Sheet			
			<u>\$267,638.64</u>

GOLDBEAM MINES LIMITED

(No Personal Liability)

BY-LAW NO. 70

WHEREAS GOLDBEAM MINES LIMITED (No Personal Liability) (hereinafter called "the COMPANY") was incorporated by Letters Patent under "The Companies Act" of the Province of Manitoba, bearing date October 20th, A.D. 1941, with an authorized capital of three million (\$3,000,000.00) Dollars divided into three million shares of the par value of One (\$1.00) Dollar each;

AND WHEREAS 3,000,000 shares thereof have been subscribed for, allotted and duly paid leaving a balance in the Treasury of nil shares;

AND WHEREAS the capital of the COMPANY is insufficient for the purposes of the COMPANY, and for the due carrying out of the objects of the Company, it is considered advisable, requisite and expedient to increase the authorized capital of the COMPANY from Three Million (\$3,000,000.00) Dollars to Five Million (\$5,000,000.00) Dollars by issuing a further two million (2,000,000) common shares of the par value of One (\$1.00) Dollar each;

NOW THEREFORE BE IT ENACTED and it is hereby enacted as a By-Law of GOLDBEAM MINES LIMITED (No Personal Liability) as follows:

1. That the authorized capital stock of the COMPANY be increased from Three Million (\$3,000,000.00 to Five Million (\$5,000,000.00) by issuing a further two million (2,000,000.00) common shares of the par value of One (\$1.00) Dollar each;
2. That such additional shares be issued and allotted in such manner and proportion as the Directors may deem proper for the benefit of the Company;
3. That this By-Law be submitted with all due despatch for confirmation by the shareholders at a General Meeting to be called for considering the same;
4. That upon this By-Law being confirmed by the shareholders of the COMPANY that an application be forthwith made for the issue of Supplementary Letters Patent confirming the same;
5. That the Directors and/or the proper officers of the COMPANY be and they are hereby authorized to do all such things and execute all such documents as shall or may be necessary in connection with the foregoing;

DONE, PASSED AND ENACTED by the Directors of Goldbeam Mines Limited (No Personal Liability) at a Meeting of the Directors of the said COMPANY duly held this 3rd day of March, A.D., 1950.

FRED G. HOBLITZELL,
President

D. BARRATT,
Secretary

BY-LAW NO. 71

To Issue Convertible Secured Notes

WHEREAS it is thought desirable to raise further funds to pay off current liabilities and to provide further funds for development work.

NOW THEREFORE BE IT ENACTED and it is hereby enacted as a By-Law of Goldbeam Mines Limited (No Personal Liability) as follows:

1. That the Directors be authorized to issue as they may deem proper for the benefit of the Company three year, seven per cent, secured convertible notes to the value of \$100,000.00, said notes to be convertible into common shares of the Company on the basis of thirty cents per share on or before maturity. That the said notes to carry with it a bonus of two hundred common shares issue from the treasury on the basis of \$100.00 par value of notes.
2. That the Directors and/or the proper officers of the Company be and they are hereby authorized to do all such things and execute as may be necessary in connection with the foregoing.
3. DONE, PASSED AND ENACTED by the Directors of Goldbeam Mines Limited (No Personal Liability) at a Meeting of the Directors of the said Company held on the 3rd day of March, 1950.

FRED G. HOBLITZELL,
President

D. BARRATT,
Secretary